

## A PERIOD OF ARMED TRUCE

province. The mission acceded to this request and some time afterwards its work gave gratifying results. In 1892 M. de Morgan published in *Les Annales des mines* (Paris) a report indicating the existence of oil in the subsoil of the region Qasr-i-Shirin, situated near the Iranian-Mesopotamian border.

As a result of this report an Australian financier, William Knox D'Arcy, expressed a desire to invest funds in prospecting works. In 1901 two representatives of D'Arcy appeared in Teheran and obtained from Mozafiar ed-Din Shah the desired concession. The concession was valid for sixty years and covered the whole territory of Iran except the provinces of Azerbaijan, Gilan, Mazanderan, Ashtarabad, and Khorasan. Thus five northern provinces of Iran, a traditional area of Russian influence, were excluded from the grant. The concession gave D'Arcy the exclusive right to construct pipe lines and gave him gratis all noncultivated lands belonging to the state that might become necessary for the work of prospecting. A special clause protected the concessionaire against an unjustified rise of prices of privately owned land that might be necessary for oil exploitation. On his part D'Arcy undertook to found within two years one or more companies for oil exploitation. He was to pay the Iranian government 20,000 pounds sterling in cash, another 20,000 pounds in shares of the company, and 16 per cent of the net profits made by the company. Besides, D'Arcy undertook to pay an annual sum of 2,000 tomans as a compensation for the yearly tax levied by the Crown on royal estates put at the disposal of the concessionaire. The government, in turn, would have the right to watch the activities of

the company through a Commissioner whose salary was to be paid by the company itself. In case of a dispute between the contracting parties, a commission of three arbiters would be called upon.

Following the terms of the concession D'Arcy founded the First Exploitation Company, which undertook prospecting work. After seven years of trials the first geyser of oil burst out in 1908, at Masjid-i-Suleiman. As a consequence the Anglo-Persian Oil Company was created and it absorbed the First Exploitation Company. The new company set to work energetically, and by 1912 quantities of oil began to be exported from Iran. This great organizational effort was not free of complications. The main problem during the